REMARKS

I. Introduction

In response to the Office Action dated October 30, 2003, claims 1-13, 30-43 and 60-71 have been canceled, and claims 14, 22, 44, 52, 72 and 80 have been amended. Claims 14-29, 44-59 and 72-87 remain in the application. Re-examination and re-consideration of the application is requested.

II. Claim Amendments

Applicants' attorney has canceled claims and amended claims as indicated above solely for the purpose of avoiding overlap with co-pending application, and not for purposes of distinguishing the claims over the prior art.

III. Prior Art Rejections

A. The Office Action Rejections

In paragraphs (5) of the Office Action, claims 1-31 were rejected under 35 U.S.C. §103(a) as being unpatentable over Price et al., "College Accounting, Seventh Edition," (Price).

Applicants' attorney respectfully traverses these rejections.

B. Applicants' Independent Claims

Applicants' independent claims 14, 22, 44, 52, 72 and 80 are generally directed to an invention that performs financial processing in a computer. Claims 14 and 22 are representative.

Claim 14 is directed to a method of performing financial processing in a computer, comprising:

(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

Profit = Net Interest Revenue (NIR)
+ Other Revenue (OR)

- Direct Expense (DE)
- Indirect Expense (IE)
- Risk Provision (RP)

(c) wherein the Net Interest Revenue (NIR) is calculated in an Advanced Tier as:

NIR = Interest Revenue (IR(a))

– Cost of Funds (COF(a))

+ Value of Funds (VOF(a))

– Interest Expense (IE(a))

according to:

$IR(a) = \Sigma\ AB\ (c=asset,s,t)(a) * \text{eff rate}(c=asset,s,t)(a)$,

$COF(a) = \Sigma\ AB\ (c=asset,s,t)(a) * TR(c=asset,s,t)\ (type_{p,a}(a))$,

$IE(a) = \Sigma\ AB\ (c=liability,s,t)(a) * \text{eff rate}(c=liability,s,t)(a)$, and

$VOF(a) = \Sigma\ AB\ (c=liability,s,t)(a) * TR(c=liability,s,t)\ (type_{p,a}(a))$,

wherein:

AB(c,s,t)(a) = Average Balances of an account a based on class (c), state (s), and tier (t) characteristics of a balance type,

eff rate(c,s,t)(a) = Effective interest rate for the account a based on the class (c), state (s), and tier (t) characteristics of the balance type,

$type_{p,a}(a)$ = Product type p for the account a,

$TR(c,s,t)(type_{p,a}(a))$ = Treatment Rate for the accounts a of a product type p based on the class (c), state (s), and tier (t) characteristics of the balance type,

IR(a) = the Interest Revenue of the account a,

COF(a) = the Cost of Funds for the account a,

IE(a) = the Interest Expense for the account a, and

VOF(a) = the Value of Funds for the account a.

Claim 22 is directed to a method of performing financial processing in a computer, comprising:

(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the account,

event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

Profit	=	Net Interest Revenue (NIR)
	+	Other Revenue (OR)
	-	Direct Expense (DE)
	-	Indirect Expense (IE)
	-	Risk Provision (RP)

(c) wherein the Net Interest Revenue (NIR) is calculated in a Breakthrough Tier as:

NIR	=	Interest Revenue (IR(a))
	–	Cost of Funds (COF(a))
	+	Value of Funds (VOF(a))
	–	Interest Expense (IE(a))

according to:

$IR(a) = \Sigma$ AB (c=asset,s,t)(a) * eff rate(c=asset,s,t)(a),

$COF(a) = \Sigma$ AB (c=asset,s,t)(a) * TR(c=asset,s,t) ($type_{p,a,b}$(a)),

$IE(a) = \Sigma$ AB (c=liability,s,t)(a) * eff rate(c=liability,s,t)(a), and

$VOF(a) = \Sigma$ AB (c=liability,s,t)(a) * TR(c=liability,s,t) ($type_{p,a,b}$(a)),

wherein:

AB(c,s,t)(a) = Average Balances of an account a based on class (c), state (s), and tier (t) characteristics of a balance type,

eff rate(c,s,t)(a) = Effective interest rate for the account a based on the class (c), state (s), and tier (t) characteristics of the balance type,

$type_{p,a,b}$(a) = Product type p for the account a based on a behavior b,

TR(c,s,t)($type_{p,a,b}$(a)) = Treatment Rate for the accounts a of the product type p and the behavior b based on the class (c), state (s), and tier (t) characteristics of the balance type,

IR(a) = the Interest Revenue of the account a,

COF(a) = the Cost of Funds for the account a,

IE(a) = the Interest Expense for the account a, and

VOF(a) = the Value of Funds for the account a.

C. <u>The Price Reference</u>

Price is a college accounting textbook that describes accounting concepts and principles. The portions cited describe analyzing business transactions including the accounting cycle, accounting for assets and liabilities including accounts receivable and uncollectible accounts, and responsibility and cost accounting including departmentalized profit and cost centers.

D. <u>Applicants' Claimed Invention Is Patentable Over The Reference</u>

Applicants' attorney respectfully submits that Applicants' claimed invention is patentable over the Price reference. Specifically, Applicants' attorney asserts that the reference does not teach or suggest the specific combination of elements recited in Applicants' claims.

However, the Office Action asserts the following:

> Claims 1-31 are rejected under 35 U.S.C. 103(a) as being unpatentable over Price et al. "College Accounting, Seventh Edition" (hereafter "Price")
>
> Price discloses, e.g. pgs 28-41, 529, 531, 966-982 (Fig. 27-5), a method measuring profit based on the factors of net interest revenue, other revenues (Fig. 27-5, line 4, "Operating Revenues"), direct expenses (Fig. 27-5, line 22, "Direct Expenses"), indirect expenses (Fig. 27-5, line 30, "Indirect Expenses"), and risk (Fig. 27-5, line 6, "Less Sales Returns and Allowances"), all set up to take advantage of flexible business rules.
>
> Official Notice is taken that performing financial processing using computer software is common knowledge in the art.
>
> To have provided a method of performing financial processing for an account using software for a computer measuring profit based on the factors of net interest revenue, other revenues, direct expenses, indirect expenses and risk, all set up to take advantage of flexible business rules the business rules to calculate known variations of one of the factors, e.g. other revenue, would have been obvious to one of ordinary skill in the art. Doing such would incorporate common knowledge data along with common knowledge software.

Applicants' attorney disagrees with this analysis.

Price does not teach or suggest the claimed elements of accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status, and performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

Profit	=	Net Interest Revenue (NIR)
	+	Other Revenue (OR)
	-	Direct Expense (DE)
	-	Indirect Expense (IE)
	-	Risk Provision (RP)

wherein the Net Interest Revenue (NIR) is calculated in an Advanced or Breakthrough Tier as:

NIR	=	Interest Revenue (IR(a))
	–	Cost of Funds (COF(a))
	+	Value of Funds (VOF(a))
	–	Interest Expense (IE(a))

More specifically, Price does not teach or suggest the claimed profitability calculations wherein the Net Interest Revenue (NIR) is the manner calculated as set forth in the independent claims, according to whether the claim is directed to an Advanced or Breakthrough Tier. Instead, the "Net Interest Revenue" is only referred to generally by the Office Action, and no specification citation to Price is made with regard to this element. Consequently, the rejections fail to persuade.

Applicants' claimed invention provides operational advantages over the system disclosed in Price. Price reflects an outdated approach to income statements. Applicants' invention, on the other hand, describes a different, more sophisticated model for implementing profitability calculations in a computer system, as well as a different, more sophisticated set of relationships between the elements of the model. Price fails to teach or suggest the specific model, all of the elements of the model, or the relationships between the various elements.

Thus, Applicant submits that the independent claims are allowable over Price. Further, the dependent claims are submitted to be allowable over Price in the same manner, because they are dependent on independent claims, and because they contain all the limitations of the independent claims. In addition, the dependent claims recite additional novel elements not shown by Price.

IV. Conclusion

In view of the above, it is submitted that this application is now in good order for allowance and such allowance is respectfully solicited.

Should the Examiner believe minor matters still remain that can be resolved in a telephone interview, the Examiner is urged to call Applicants' undersigned attorney.

Respectfully submitted,

GATES & COOPER LLP
Attorneys for Applicants

Howard Hughes Center
6701 Center Drive West, Suite 1050
Los Angeles, California 90045
(310) 641-8797

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By:

Name: George H. Gates
Reg. No.: 33,500

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